

This has been accomplished through several key actions. The first of these occurred in late 1989 when roaming rates were increased. In early 1990 billing increments were changed to full-minute rounding. Also in 1990 features and voice mail were heavily sold to existing customers. This effort increased subscriber revenue per customer nearly \$3:

For the future, Oklahoma City must continue to find ways to offset lower customer usage. Currently, plans are underway to increase the network's calling scope to attract additional traffic. Usage should increase as certain cellular calls will be toll free when compared to local land-line calls. In addition, like the other markets, Oklahoma City is investigating billing customers for Telco interconnection fees associated with their usage.

#### WEST TEXAS

West Texas subscriber revenue typically runs in the \$60-70 per customer range. Most of the markets' rate plans are set around the economy, basic and high end user structure. Capacity was not an issue in these markets and as a result, several of the markets initially offered a \$125.00 a month unlimited usage plan. This plan was very successful early and accordingly, generated high subscriber revenue. In recent periods, however, usage has become too high and the unlimited plans have been discontinued. Additionally, new customers are unwilling to make a high monthly commitment. Similar to the other SBMS markets, the West Texas

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properties have been gradually increasing rates by changing the billing increment, raising access charges and increasing roamer rates.

Additional increases in rates will be gradual as in the past so as not to create a competitive disadvantage. Further upward movement of the access charges is the most likely course with the de-emphasis of the economy plans close behind. West Texas will also be reviewing billing customers for interconnection fees associated with their usage.

#### KANSAS REGION

Kansas City's subscriber revenue per customer remained in the upper \$90 range until 1989. This performance is largely due to strong usage and a better than average mix of basic plan customers to economy plan customers. Kansas City's rate plans are typical of a market its size and reflect the economy, basic, and high user structure. Kansas City has also taken a number of steps to improve rates. They are as follows:

- Increased billing increment to 60 seconds
- Eliminated night hours
- De-commissioned economy plans
- Increased roamer rates

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For the future, there are not any "big wins" left to implement for this region, except possibly the billing of Telco interconnection fees to the customer. This region typically generates one of the highest revenues per customer from features and voice mail, and SBMS will continue to focus on these revenue sources.

### SOUTH TEXAS REGION

South Texas Region's subscriber revenue per customer has remained in the \$80 range for the past couple of years. Of particular note is the Rio Grande Valley with its relatively small population but high subscriber revenue per customer (\$88 for 1990). The region is about normal in terms of rates and structure but has always been characterized by its high roaming revenue. Roaming revenue in this region is about \$6-8 per customer compared to an average of \$2-3 in most other SBMS markets. The high roaming revenue is due in part to the tourism industry. However, there is a significant amount of travel between cities in the region and Austin. Because of this heavy travel, regional roaming rates have been priced without daily fees and at reasonable rates.

Recently South Texas has experienced a relatively small decline in subscriber revenue per customer primarily due to a number of pricing changes made the last few years. These changes include increasing roaming rates, changing the billing increment to full minute rounding, and selectively introducing rate plans which increase access charges. San Antonio is the first SBMS market to increase the per minute charge. This increase was effective early in 1991.

There are very few changes left for the South Texas region. This market is currently reviewing extending peak hours, and like the other markets, South Texas is also reviewing charging for Telco interconnection fees. With the high roaming traffic in the region, roaming rates will be periodically reviewed for a possible increase in rates.

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**Competitive Factors****Threat of New Entrants - Medium**

- The personal communications arena will change from two major players to an oligopoly arrangement consisting of 3-5 players, based on FCC actions.
- New industry entrants will not be *effective* competition before 1996. For example, ESMR will initially present a weak threat, mainly due to unproven technology, lack of ubiquity and roaming limitations.
- Cellular industry growth will continue to be strong, while growth rates will slow.
- Emerging customer segments will be more price sensitive.
- Wireless access technology will emerge as a cost-effective substitute to wireline access.
- Digital deployment will greatly increase capacity and quality of wireless access.

**Bargaining Power of Buyers - Low**

- Competition exists at the distribution channel level.
- Competitive pricing exists between carriers; therefore, quality has emerged as a determinant in the buying decision.
- While service pricing has remained competitive, the rapid decline in equipment pricing has created an environment where "equipment price" is the perceived consumer battleground.
- Smooth deployment of digital is critical to maintaining its perceived high level of quality in the marketplace.

**Bargaining Power of Suppliers - Low**

- Cellular's open air interface standard has resulted in a competitive environment among terminal suppliers.
- SBMS' position as one of the largest carriers gives it leverage over suppliers.
- Lack of switch/cell standard interface has resulted in dependency on a single system supplier, on a per-market basis.

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**Competitive Factors****Threat of Substitute Products or Services - Low**

- Wireline service does not provide mobility.
- SMR and IMTS do not offer same level of functionality and mobility as cellular.
- Paging is primarily one-way communication.
- Long-term threat to cellular's core market from other networks is not clear at this time.
- Extensive time periods for regulatory determinations, license awards and infrastructure construction will occur prior to the emergence of effective competitors.

**Rivalry Among Existing Competitors - High**



- Cellular growth continues to exceed forecasts.
- Standard that has fueled the growth of the cellular industry has also eliminated the transfer barriers to customers' switching.
- Research has proven it is not possible, at this time, to construct a perceptible differential in service price; therefore, competitive pricing is more apparent on equipment than on service.
- With target markets barely penetrated, market expansion, not market share, is the key focus.
- Competition for distribution channels is intense.
- Competition for the other carrier's customers is increasing.

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## WIRELESS ACCESS INDUSTRY EVOLUTION

CURRENT ATTRACTIVENESS	EVOLUTION (1995-2000)
<ul style="list-style-type: none"> <li>• The FCC has created a regulated duopoly <ul style="list-style-type: none"> <li>- Limited spectrum availability</li> </ul> </li> <li>• The industry has experienced high rates of growth</li> <li>• Early adopters of cellular service have not been price sensitive <ul style="list-style-type: none"> <li>- Perceive cellular as an essential business tool</li> </ul> </li> <li>• Wireline access technology cannot provide mobility</li> </ul> <div style="text-align: center; margin: 20px 0;">  </div> <p style="text-align: center;">Absence of significant price competition</p>	<ul style="list-style-type: none"> <li>• The FCC will license a third and, possibly, fourth player <ul style="list-style-type: none"> <li>- PCN, E-SMR, CT-2 / CT-3</li> </ul> </li> <li>• Industry growth will continue at strong, although slower, rates</li> <li>• Emerging customer segments will be more price sensitive</li> <li>• Wireless access technology will constitute a threat to wireline access in certain geographic areas</li> <li>• Implementation of digital technology will vastly increase capacity</li> </ul> <div style="text-align: center; margin: 20px 0;">  </div> <p style="text-align: center;">Increased rivalry</p>

  
**HIGHLY ATTRACTIVE**

  
**STILL ATTRACTIVE**

218486

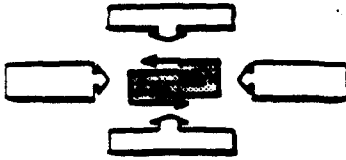
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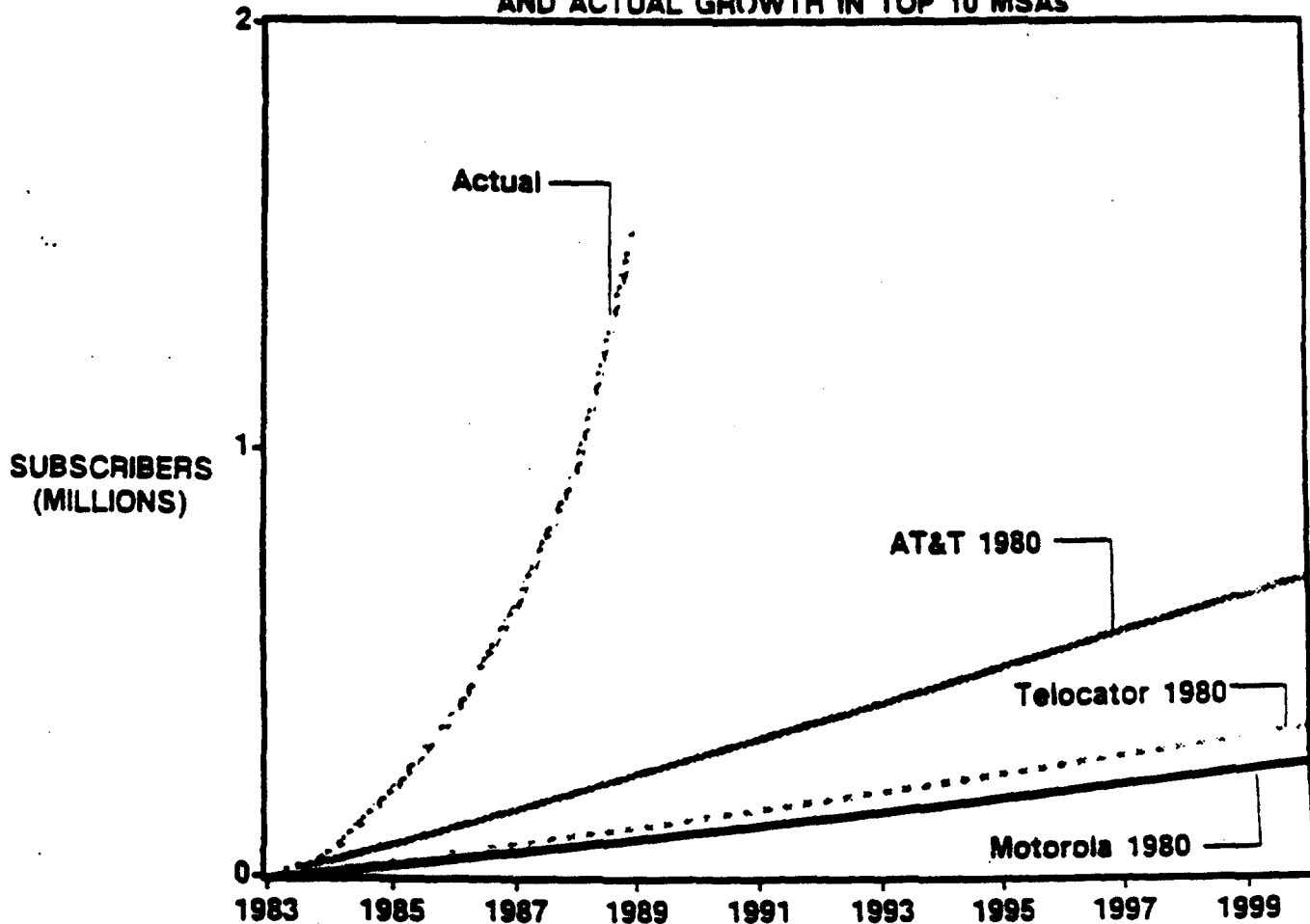
Monitor Company Draft  
For discussion purposes only  
Statements and representations contained  
herein are preliminary and represent the  
views of Monitor Company only



## NATURE OF COMPETITION

## HISTORICAL MARKET GROWTH

ORIGINAL PROJECTIONS OF SUBSCRIBER GROWTH  
AND ACTUAL GROWTH IN TOP 10 MSAs



SOURCE: AT&T FILING, FCC DOCKET CC 79-318, AUGUST 4, 1980; EMC

Note: AT&T projection based on Chicago AMPS trial



- GROWTH IN DEMAND HAS EXCEEDED ORIGINAL PROJECTIONS
- THE FCC PREDICTED SUFFICIENT LEVELS OF RIVALRY FROM A DUOPOLY 218492
  - IN ACTUALITY, THE TWO PLAYERS IN EACH MARKET HAVE BEEN ABLE TO AVOID SERIOUS COMPETITION IN THIS RAPID GROWTH ENVIRONMENT

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views of Mentor Company only**

## **SBC RELATIVE POSITION**

### **INTRODUCTION**

- **IN THE CURRENT ENVIRONMENT, CHARACTERIZED BY RAPID GROWTH AND LIMITED RIVALRY, RELATIVE POSITION IS LESS RELEVANT THAN IN MATURE, COMPETITIVE INDUSTRIES**
  - **PLAYERS ARE CONCENTRATING ON MARKET PENETRATION**
  - **COMPANY ADVANTAGE LIES IN GEOGRAPHIC MARKETS SERVED AND CUSTOMER ACQUISITION STRATEGIES IMPLEMENTED**
- **IN THE FUTURE, AS NEW COMPETITORS ENTER THE MARKET AND SUBSCRIBER GROWTH EVENTUALLY LEVELS OFF, POSITIONING WILL BECOME INCREASINGLY IMPORTANT**
  - **SOURCES OF COMPETITIVE ADVANTAGE WILL LIE IN SUPERIOR SERVICE PERFORMANCE OR SUPERIOR COST POSITION**
    - **CUSTOMER SEGMENTATION**

<b>GROWTH PHASE</b>	<b>MATURITY PHASE</b>
<b>ATTRACTIVE TERRITORIES</b>	<b>LOW COST</b>
<b>CUSTOMER ACQUISITION</b>	<b>SUPERIOR PERFORMANCE / SERVICE</b>

**218517**



## **EXHIBIT 6**

## EXECUTIVE SUMMARY

This document provides a system description of a Personal Communications Services (PCS) Capable Switch (PCSCS) System that will be implemented and evaluated in the Boulder Industry Test Bed (BITB) in 1Q94. This system is based on the PCS Capable Switch Architecture (PCSCS) that was developed by the US WEST Advanced Technologies PCS Infrastructure Project. The PCSCS architecture was one of two network architectures selected by representatives of the Client companies to be implemented in the BITB as part of the 1993 BITB-Infrastructure project. The other architecture to be implemented is the Distributed RPC (DRPC) Architecture.

### PCSCS Architecture

Only a very high level description of the concepts included in the PCSCS architecture, are included in this system description. For a more thorough and comprehensive description of the PCSCS architecture, refer to [1, 12]. In the PCSCS architecture, the majority of the PCS functions are supported by the switch. The switch-based PCS functions include mobility, Visitor Location Register (VLR), Directory Number (DN) Management, and vertical services (e.g., call waiting). This is in contrast to the DRPC architecture, in which PCS functionality is placed in the Radio Port Controller (RPC) and VLR/ DN Manager. The Integrated Service Control Point (ISCP) is used to provide the Home Location Register (HLR) function. The PCSCS architecture will require new fault, alarm, and performance management messages, as well as new distributed provisioning messages requiring special sequencing and coordination. The PCSCS architecture demands provisioning synchronization among the SSP, RPC, VLR/AM, and SCP.

### Service / Features

The following features will be supported by the BITB PCSCS system:

- Terminal registration and authentication.
- Location, based on personal number.
- Call Origination/Call Delivery.
- Automatic Link Transfer (ALT)
- Telecommunications Management Network (TMN) Services
- Supplementary services:
  - Emergency Number Calling (partial)
  - Caller Number Delivery (assuming the radio equipment has the ability to display)

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0000875

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Disclose and distribute solely to employees of U S WEST Advanced Technologies and its affiliates having a need to know.

October 15, 1993

AT-12\_05-002428-00.01

DEPARTMENT OF PROTECTION  
UNIT OF THE  
SECURITY

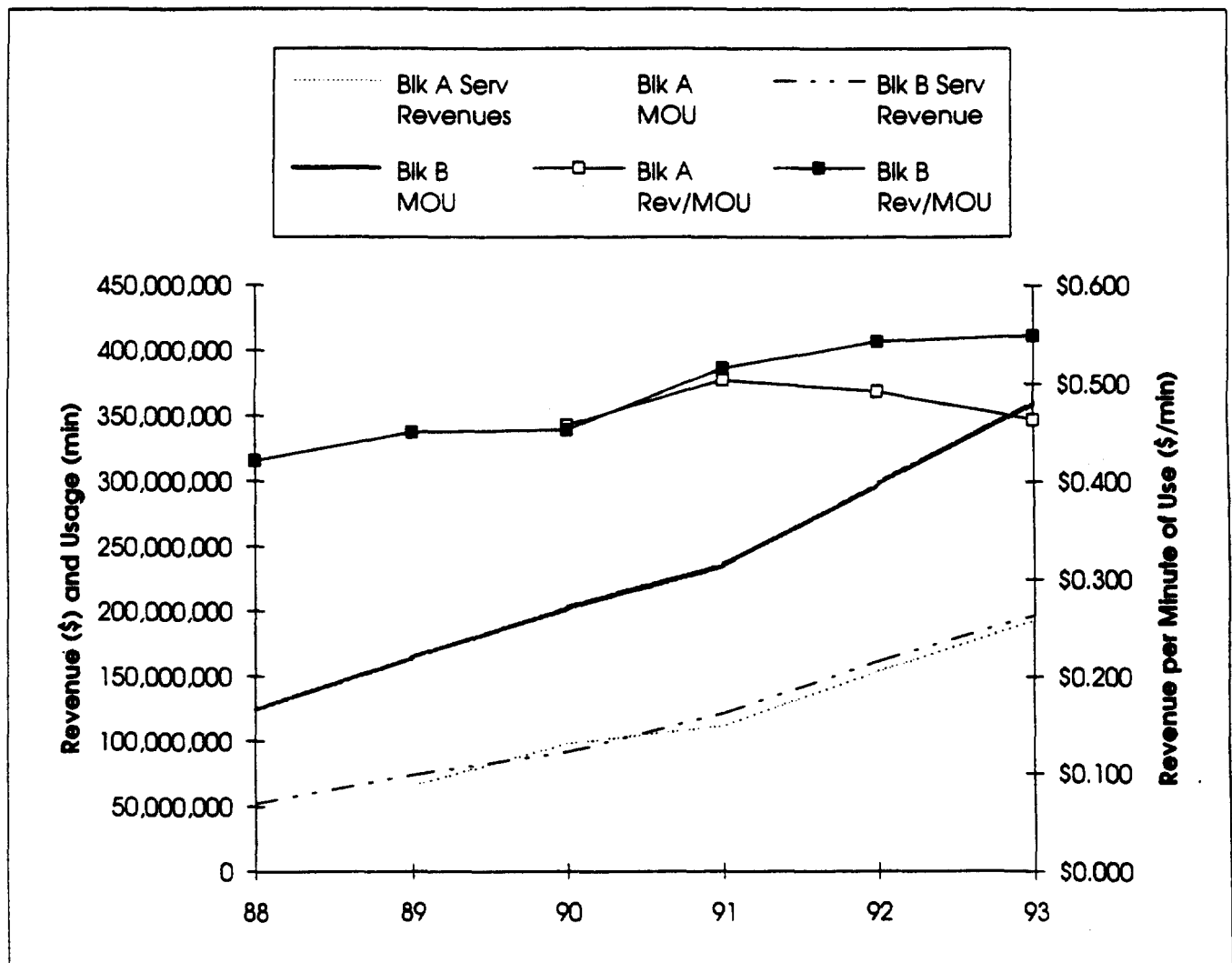
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## **EXHIBIT 7**

## Miami/West Palm Beach (Florida) Cellular Statistics Revenue, Usage, & Price

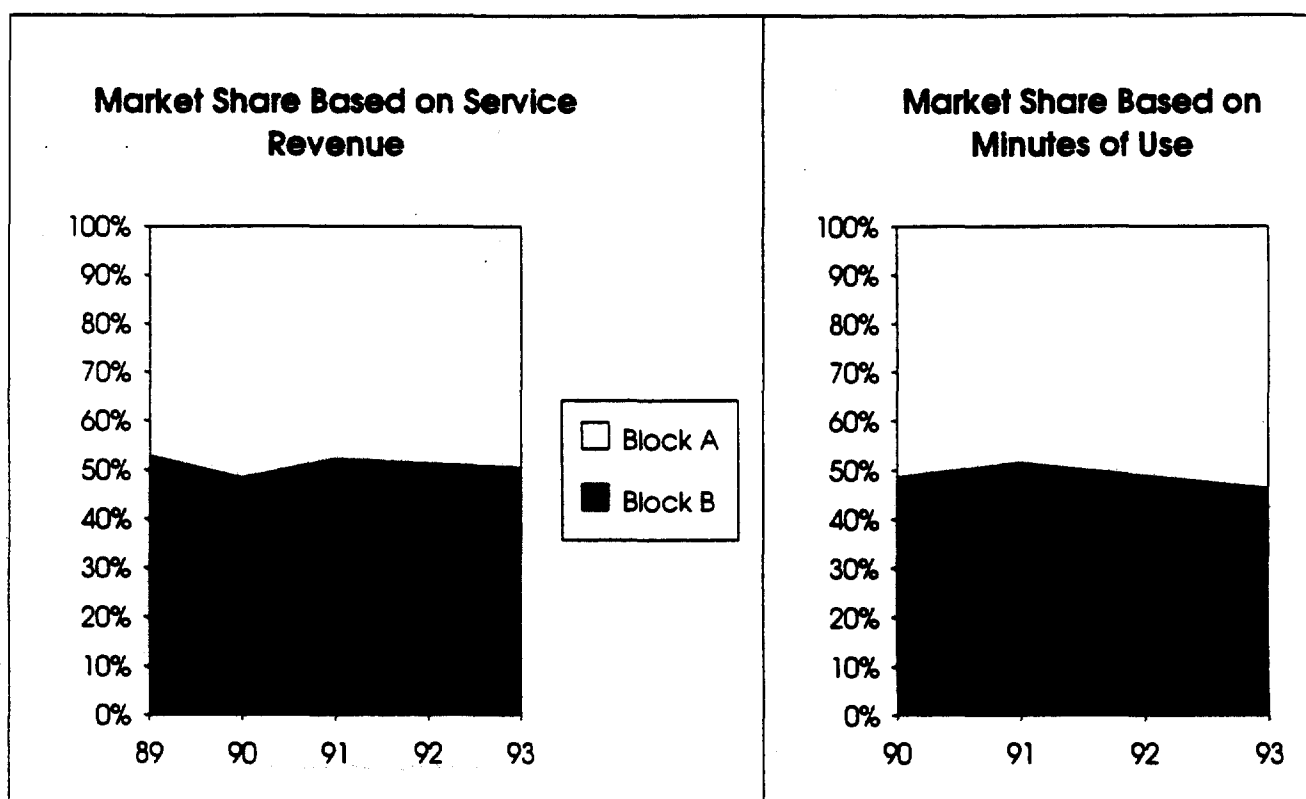
Year	Block A: McCaw			Block B: BellSouth		
	Service Revenue	Minutes of Use	Service Revenue per MOU	Service Revenue	Minutes of Use	Service Revenue per MOU
88				51,927,000	123,396,225	\$0.421
89	65,662,934			73,774,000	164,145,391	\$0.449
90	97,910,492	214,384,065	\$0.457	91,450,000	202,248,768	\$0.452
91	111,948,825	222,504,828	\$0.503	121,467,000	235,545,038	\$0.516
92	154,094,136	313,108,830	\$0.492	161,694,903	297,997,356	\$0.543
93	193,053,949	416,802,848	\$0.463	197,323,724	359,851,484	\$0.548

*Note: Only 1Q revenue and usage data provided for 1993; the values shown here are 4 x 1Q data.*



## Miami/West Palm Beach (Florida) Cellular Statistics Market Share Calculations

Year	Block A: McCaw Service Revenue		Block B: BellSouth Service Revenue	
88	n/a	n/a	51,927,000	n/a
89	65,662,934	47.09%	73,774,000	52.91%
90	97,910,492	51.71%	91,450,000	48.29%
91	111,948,825	47.96%	121,467,000	52.04%
92	154,094,136	48.80%	161,694,903	51.20%
93	193,053,949	49.45%	197,323,724	50.55%

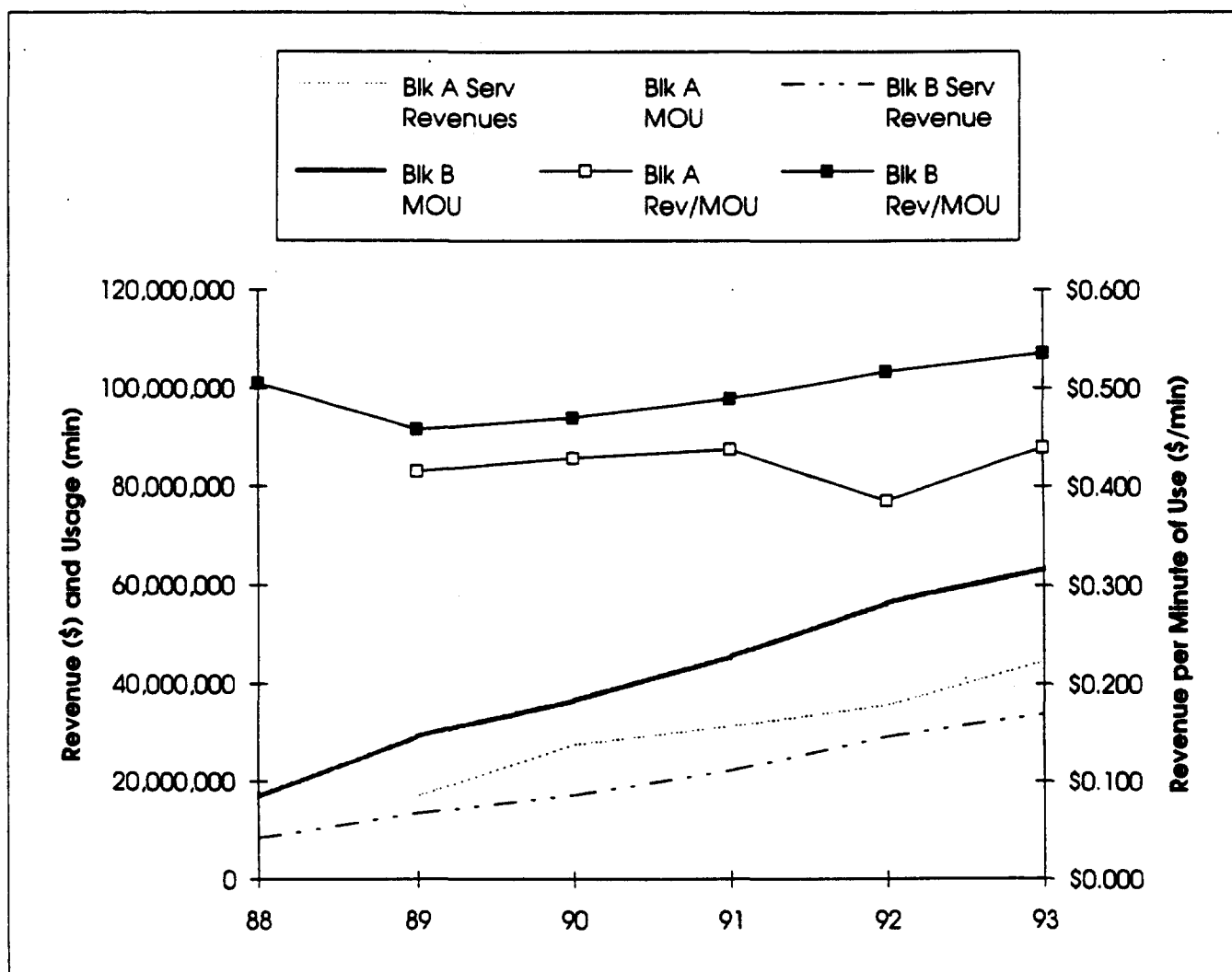


Year	Block A: McCaw Minutes of Use		Block B: BellSouth Minutes of Use	
88	n/a	n/a	123,396,225	n/a
89	n/a	n/a	164,145,391	n/a
90	214,384,065	51.46%	202,248,768	48.54%
91	222,504,828	48.58%	235,545,038	51.42%
92	313,108,830	51.24%	297,997,356	48.76%
93	416,802,848	53.67%	359,851,484	46.33%

## Orlando (Florida) Cellular Statistics Revenue, Usage, & Price

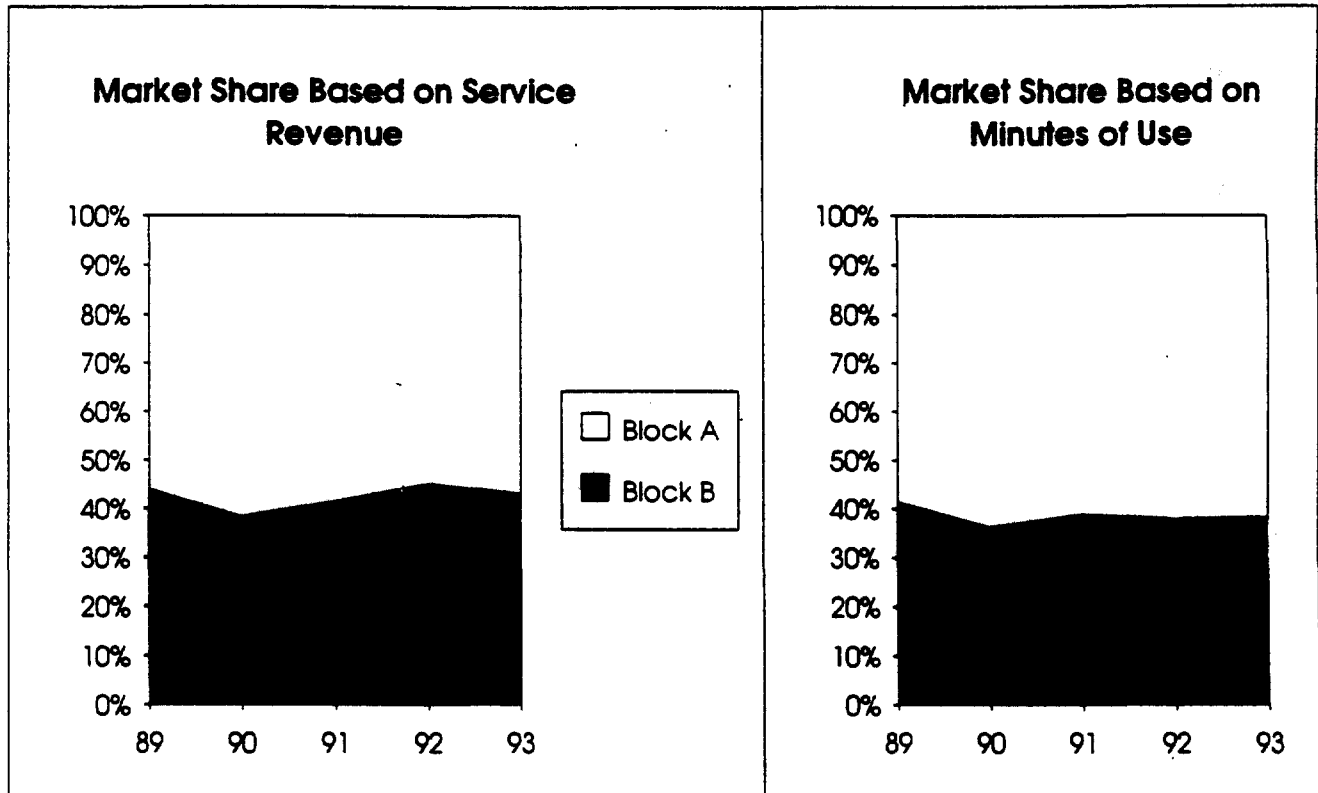
Year	Block A: McCaw			Block B: BellSouth		
	Service Revenue	Minutes of Use	Service Revenue per MOU	Service Revenue	Minutes of Use	Service Revenue per MOU
88				8,398,000	16,641,276	\$0.505
89	17,069,676	41,120,625	\$0.415	13,390,000	29,218,641	\$0.458
90	27,535,195	64,272,661	\$0.428	17,127,000	36,478,544	\$0.470
91	31,254,108	71,460,868	\$0.437	22,228,000	45,474,500	\$0.489
92	35,585,737	92,250,824	\$0.386	29,182,532	56,488,619	\$0.517
93	44,580,857	101,505,041	\$0.439	33,853,232	63,247,312	\$0.535

*Note: Only 1Q revenue and usage data provided for 1993; the values shown here are 4 x 1Q data.*



## Orlando (Florida) Cellular Statistics Market Share Calculations

Year	Block A: McCaw Service Revenue		Block B: BellSouth Service Revenue	
88	n/a	n/a	8,398,000	n/a
89	17,069,676	56.04%	13,390,000	43.96%
90	27,535,195	61.65%	17,127,000	38.35%
91	31,254,108	58.44%	22,228,000	41.56%
92	35,585,737	54.94%	29,182,532	45.06%
93	44,580,857	56.84%	33,853,232	43.16%



Year	Block A: McCaw Minutes of Use		Block B: BellSouth Minutes of Use	
88	n/a	n/a	16,641,276	n/a
89	41,120,625	58.46%	29,218,641	41.54%
90	64,272,661	63.79%	36,478,544	36.21%
91	71,460,868	61.11%	45,474,500	38.89%
92	92,250,824	62.02%	56,488,619	37.98%
93	101,505,041	61.61%	63,247,312	38.39%

# Jacksonville (Florida) Cellular Statistics

## Revenue, Usage, & Price

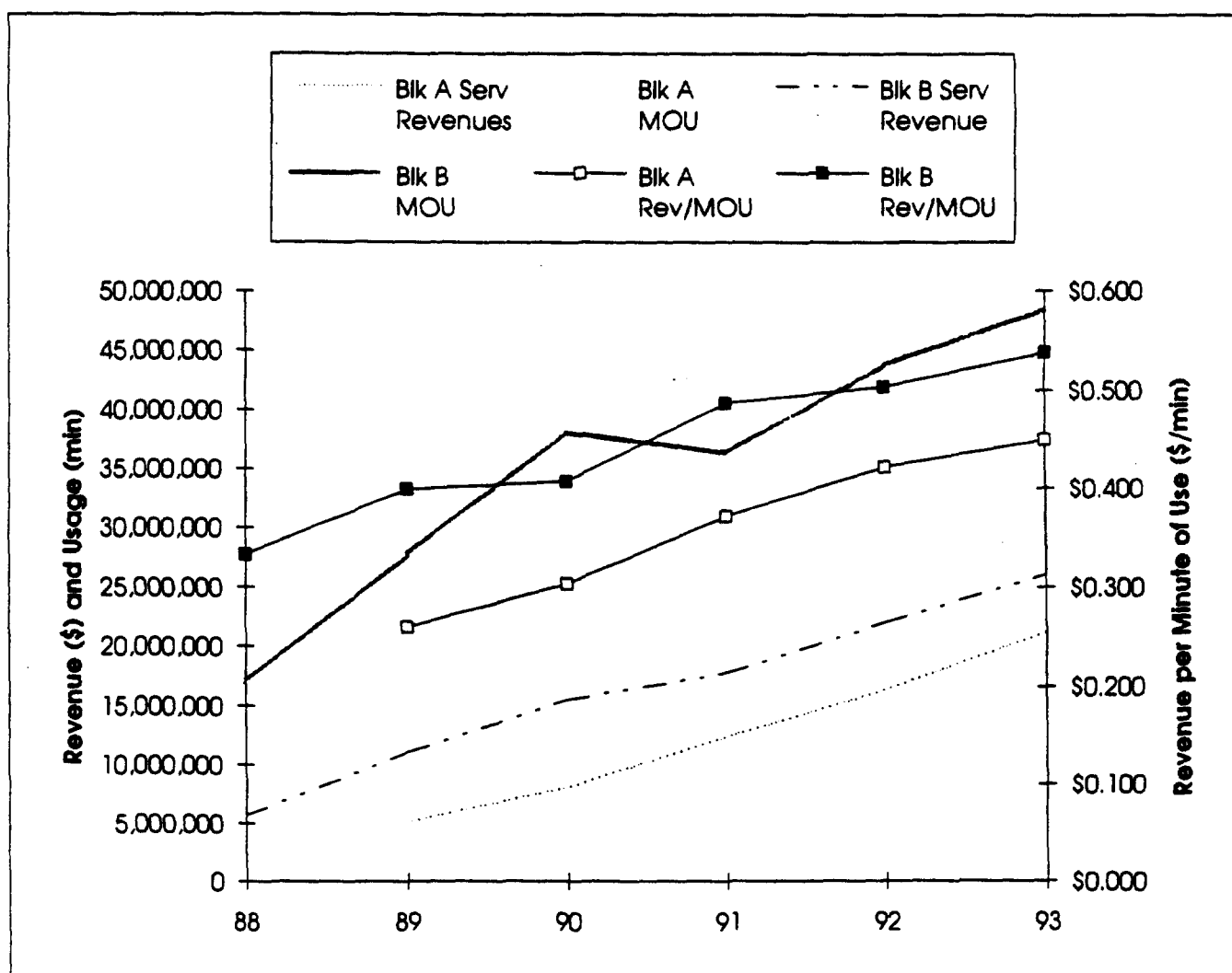
Year

Block A: McCaw

Block B: BellSouth

	Service Revenue	Minutes of Use	Service Revenue per MOU		Service Revenue	Minutes of Use	Service Revenue per MOU
88					5,633,000	16,935,850	\$0.333
89	5,067,764	19,554,751	\$0.259		11,009,000	27,649,881	\$0.398
90	8,033,246	26,509,593	\$0.303		15,479,000	38,070,385	\$0.407
91	12,361,243	33,284,301	\$0.371		17,687,000	36,344,755	\$0.487
92	16,358,049	38,770,044	\$0.422		22,023,139	43,773,531	\$0.503
93	21,228,624	47,233,243	\$0.449		26,065,376	48,451,500	\$0.538

Notes: Only 1Q revenue and usage data provided for 1993; the values shown here are 4 x 1Q data.





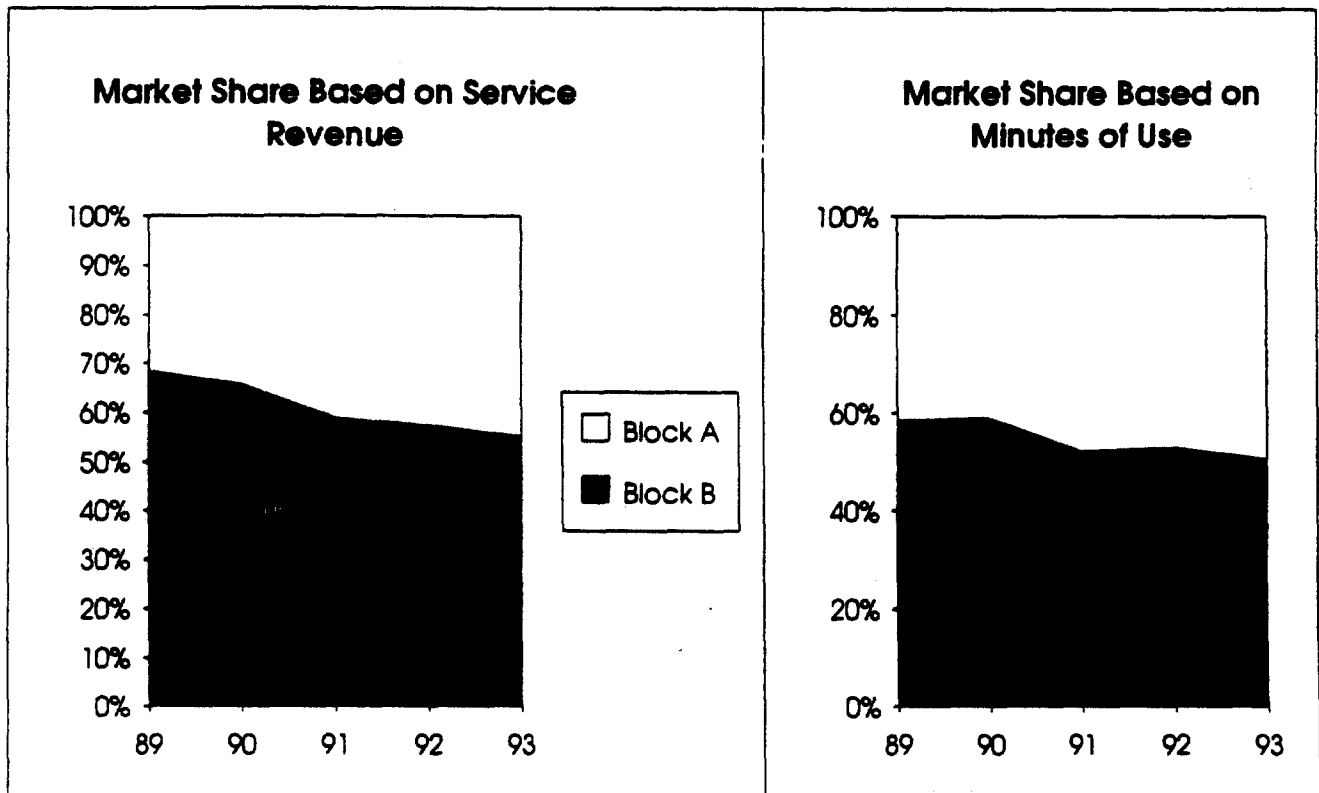
## Jacksonville (Florida) Cellular Statistics Market Share Calculations

Year      Block A: McCaw  
Service Revenue

88	n/a	n/a
89	5,067,764	31.52%
90	8,033,246	34.17%
91	12,361,243	41.14%
92	16,358,049	42.62%
93	21,228,624	44.89%

Block B: BellSouth  
Service Revenue

5,633,000	n/a
11,009,000	68.48%
15,479,000	65.83%
17,687,000	58.86%
22,023,139	57.38%
26,065,376	55.11%



Year      Block A: McCaw  
Minutes of Use

88	n/a	n/a
89	19,554,751	41.43%
90	26,509,593	41.05%
91	33,284,301	47.80%
92	38,770,044	46.97%
93	47,233,243	49.36%

Block B: BellSouth  
Minutes of Use

16,935,850	n/a
27,649,881	58.57%
38,070,385	58.95%
36,344,755	52.20%
43,773,531	53.03%
48,451,500	50.64%

## EXHIBIT 8

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA, )

Plaintiff, )

v. )

Civil Action No. 82-0192 HHG

WESTERN ELECTRIC COMPANY, )  
INC., and AMERICAN TELEPHONE )  
AND TELEGRAPH COMPANY, )

Defendants. )

AFFIDAVIT OF LARRY JACOBS

STATE OF MICHIGAN )

ss.: )

COUNTY OF MIDLAND )

Larry Jacobs, being duly sworn, deposes and says:

1. I am the Telecommunications Associate for The Dow Chemical Company ("Dow Chemical"). I work in the Information Systems Department of Dow Chemical which is located at company headquarters at 2040 Willard H. Dow Center, Midland, Michigan 48674. I am responsible for advising Dow Chemical, including its various divisions and subsidiaries, located throughout the United States and worldwide, on the types of telecommunications technologies that would satisfy the company's varied requirements for telecommunications services. In this capacity I am responsible for, among other things, advising the company on the types of long distance telecommunications technologies that would fulfill the company's long distance telecommunications needs. Additionally, when Dow Chemical enters into contract negotiations with providers of telecommunications services, I provide advice to the company on proposed contract terms. I have worked for Dow Chemical

in the area of computer systems and telecommunications, in a variety of positions, for over thirty-two years.

2. I have held my current position for about seven years. Based on the knowledge I have gained about telecommunications technologies during my tenure at Dow Chemical, I am regarded by the company as a Subject Matter Expert in this area. All of the facts contained in this affidavit are based on my personal knowledge or based on information that Dow Chemical keeps in the ordinary course of its business.

3. Dow Chemical began purchasing cellular telephone service in the mid-1980's, principally for use by employees within the company's field marketing and sales department. Cellular telephone service is now also being used by employees within a number of other departments. The employees who use cellular service are located in over 50 locations which are scattered throughout the continental United States. At the time Dow Chemical began purchasing cellular telephone services, these services were not offered by any one carrier on a nationwide basis. Rather, cellular services were offered by providers on a local basis only.

4. Accordingly, Dow Chemical did not centralize its purchases of cellular telephone services. Instead, individual sales offices within our field marketing and sales department made their own determinations as to which of the two cellular providers in their area they would purchase service from. Some of the sales offices selected cellular providers that are subject to equal access, and hence were able to select the carrier from whom they would purchase cellular long distance services. Other sales offices did not select carriers who are subject to equal access requirements and hence were required to buy cellular long distance service from their cellular carrier. Currently, Dow Chemical has over 2700 cellular telephones for use by its employees and the company purchases cellular service from 132 suppliers.

5. Dow Chemical purchases landline long distance services on a centralized basis, for use throughout the country, from both MCI and AT&T pursuant to contracts which provide Dow Chemical with substantial discounts over each of these carrier's premium tariff long distance rates. More specifically, we have entered into a Special Contract Agreement with MCI, pursuant to which we purchase MCI's Virtual Network long distance services (the "V-Net Contract.") We have also entered into a Contract Tariff with AT&T, pursuant to which we purchase Software Defined Network long distance services (the "SDN Contract.") Our contracts with both MCI and AT&T for these services are published tariffs. Under each of these contracts Dow Chemical receives more than a 50% discount off of AT&T and MCI's premium tariff long distance rates. These discounts are based on volume purchases of long distance services. Dow Chemical spends about \$13 to \$14 million annually on long distance services.

6. Beginning in 1990, as part of my general responsibilities, I requested that the various locations of our company review their long distance telephone bills and report back to me if they had any concerns about the cost of their long distance telephone service. A number of locations reported that their costs for cellular long distance service were too high and requested that I do something about this. Between the fourth quarter of 1990, and the first quarter of 1991, I reviewed a number of the company's invoices for cellular long distance service and determined that the company was paying on the order of 25%-50% more for cellular long distance service than it was for landline long distance service under our V-Net and SDN Contracts with, respectively, MCI and AT&T. To reduce the costs of the company's cellular long distance service, I recommended to the company that it consider arranging to have its cellular long distance traffic carried by MCI under the terms of our V-Net Contract. Bill Versavage, manager, sales office support systems, accepted my recommendation.

7. Around the first quarter of 1991, Dow Chemical entered into a pilot study with MCI to determine whether it would be administratively and technologically feasible to have Dow Chemical's cellular long distance traffic carried by MCI pursuant to the terms of our V-Net Contract. The study was successful and about the third quarter of 1991 Dow Chemical requested that MCI arrange to have the company's cellular long distance traffic carried by MCI under the terms of this contract. MCI went about implementing this directive; however, it informed us that some of the cellular providers used by our field offices are not subject to equal access requirements, and hence would not allow Dow Chemical to use MCI to carry cellular long distance traffic.

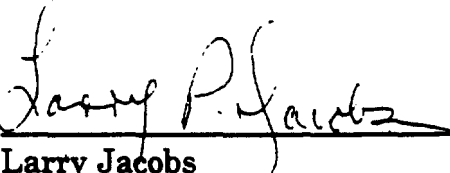
8. Dow Chemical recognized that it could remedy this problem by requiring the locations that purchase service from non-equal access cellular carriers to switch their purchases to the equal access carrier in their area (if there was one). Dow Chemical decided, however, not to pursue this option for the following reason. Changing carriers would have required our salespersons to change their cellular telephone numbers. This in turn would have caused significant disruption to our sales personnel as their existing cellular telephone numbers are known to their actual and potential customers. Dow Chemical decided that the potential cost savings from requiring these locations to switch to an equal access cellular carrier were not worth the disruption to our sales personnel and sales operations. Currently, about one quarter of the cellular phones used by employees of Dow Chemical are using our V-Net long distance cellular service with MCI.

9. In March of 1994 Dow Chemical instituted a Task Force whose purpose was to study the cost of cellular telephone service to Dow Chemical. In my capacity as Telecommunications Associate I contributed to the efforts of the Task Force. In June of 1994, the Task Force issued a report which stated that the company was spending about \$5 million annually for cellular telephone service. The report

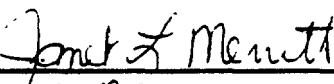
recommended that the company take certain steps to reduce the cost of its cellular service. Among these steps the report recommended that Dow Chemical reduce the total number of carriers from whom it purchases cellular service to less than a dozen and seek the provision of service on a nationwide or regional basis. It also recommended that all cellular long distance calls be carried by MCI and AT&T under, respectively, the terms of our V-Net and SDN Contracts.

10. As a result of the Task Force's report, Dow Chemical issued, within the last few weeks, an RFP for the provision of cellular services. One of the requirements contained in the RFP is that the Dow Chemical's cellular long distance traffic must be carried by either MCI or AT&T, pursuant to our V-Net Contract with MCI or our SDN Contract with AT&T.

11. Based on the facts described above, Dow Chemical believes that when cellular service providers offer Dow Chemical the option to select the carrier from whom the company purchases long distance cellular service, Dow Chemical benefits in the form of lower cellular long distance prices.

  
Larry Jacobs

Sworn to and subscribed before me  
this 22nd day of July 1994.

  
Notary ~~Re~~public

JANET L. MERRITT  
Notary Public, Midland County, MI  
My Commission Expires 8-18-96

## EXHIBIT 9



1           Q. Let's talk a little bit about PCS.  
2           Are you aware of whether anyone at McCaw has  
3           prepared any studies analyzing the potential  
4           services, the competitors, the prices, et cetera,  
5           in essence, the potential competitiveness of PCS  
6           service?

7                     By PCS, I'm referring to wireless  
8           services offered at the 1.8 frequency.

9           A. I'm aware of many -- I'm aware of  
10          several studies, presentations, reports about the  
11          opportunities at 1.8 and their competitive threat  
12          to us and their -- and the opportunities we would  
13          have at that frequency band.

14          Q. Have any of the reports attempted to  
15          analyze the impact that the PCS services might  
16          have on cellular prices?

17          A. I think they have.

18          Q. Do you recall what any of the  
19          conclusions were?

20          A. The obvious conclusion that the more  
21          competitors, the more pressure on prices if you're  
22          in a business that is considered to be a